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**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

In re:

Case No. 19-30088 (DM)

PG&E CORPORATION

Chapter 11

16 | - and -

(Lead Case)

PACIFIC GAS AND ELECTRIC COMPANY.

Debtors.

- Affects PG&E Corporation
- Affects Pacific Gas and Electric Company
- Affects both Debtors

* All papers shall be filed in the Lead Case, No. 19-30088 (DM).

**STATEMENT OF THE OFFICIAL
COMMITTEE OF UNSECURED
CREDITORS REGARDING COMPASS
LEXECON RETENTION APPLICATION**

Date: May 9, 2019
Time: 9:30 a.m. (Pacific Time)
Place: United States Bankruptcy Court
Courtroom 17, 16th Floor
450 Golden Gate Avenue
San Francisco, CA 94102

Re: Docket No. 1756

1 1. As the Court is aware, on April 3, 2019, the Official Committee of Unsecured
2 Creditors (the “Committee”) filed its *Application for Entry of an Order Pursuant to 11 U.S.C.*
3 *§§ 328(a) and 1103 and Fed. R. Bankr. P. 2014(a) for Authorization to Retain and Employ FTI*
4 *Consulting, Inc., as Financial Advisor Nunc Pro Tunc to February 12, 2019* (the “FTI
5 Application”) [Docket No. 1212]. The FTI Application and its supporting papers disclosed that
6 Compass Lexecon, LLC (“Compass”) is a wholly-owned subsidiary of FTI, but also described the
7 corporate separateness of FTI and Compass and the ethical walls they have established and adhered
8 to. In subsequent filings with the Court, the Committee, FTI and the Debtors all have asserted
9 their shared belief that FTI’s mere ownership of Compass neither: (a) disqualifies FTI from
10 employment by the Committee under Bankruptcy Code section 1103(b); nor (b) renders FTI to be
11 not disinterested as that term is defined un Bankruptcy Code section 101(14). Since the filing of
12 the FTI Application, nothing has occurred to change any of those facts.
13

14 2. At the hearing on the FTI Application held on April 24, 2019, the Court requested
15 that the Debtors file an application to employ Compass on an expedited basis, essentially so that
16 the Court could consider the relationship between FTI and Compass from both sides at the same
17 time – i.e., in connection with the Committee’s proposed employment of FTI and the Debtors’
18 proposed employment of Compass. Accordingly, on April 29, 2019, the Debtors filed their
19 *Application Pursuant to § 327(a) and Fed. R. Bankr. P. 2016(a) and 2016 for Authority to Retain*
20 *and Employ Compass Lexecon, LLC as Economic Consultants to the Debtors Nunc Pro Tunc to*
21 *Petition Date* (the “Compass Application”) [Docket No. 1756].
22

23 3. In relevant part, the Compass Application reiterates the same disclosures as the FTI
24 Application – that while Compass is a subsidiary of FTI, Compass is a separate legal entity that
25 operates independently from FTI in all material respects and that FTI and Compass have
26 established and adhere to ethical walls that prevent information flow between Compass and FTI
27
28

1 regarding their respective engagements relating to the Debtors. As the FTI Application does with
2 respect to FTI, the Compass Application establishes that Compass is not disinterested as a result
3 of its ownership by FTI (or otherwise).¹ For that reason, the Committee reiterates its request that
4 the Court approve the Committee's retention of FTI and also supports the Debtors' retention of
5 Compass.

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8 Dated: May 6, 2019
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MILBANK LLP

11 */s/ Thomas R. Kreller*
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13 SAMUEL A. KHALIL
14 GREGORY A. BRAY
15 THOMAS R. KRELLER
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*Counsel for the Official Committee of
Unsecured Creditors*

25 1 This continues to be true notwithstanding the Debtors' recent additional disclosure that
26 Compass was engaged to perform the CPUC Consulting Services as set forth in the
27 *Supplement to Debtors' Application Pursuant to 11 U.S.C. § 327(a) and Fed. R. Bankr. P.*
28 *2014(a) and 2016 for Authority to Retain and Employ Compass Lexecon, LLC as Economic*
 Consultants to the Debtors Nunc Pro Tunc to the Petition Date [Docket No. 1842]. As
 with the Debtors, the Committee does not believe that Compass' disinterestedness is in any
 way affected by the nature of Compass' provision of the CPUC Consulting Services, nor
 does the Committee believe such retention affects FTI's disinterestedness.